

ALERT

January 2021

COVID-19 Relief & Trademarks & Copyrights

MHH Intellectual Property Practice Group

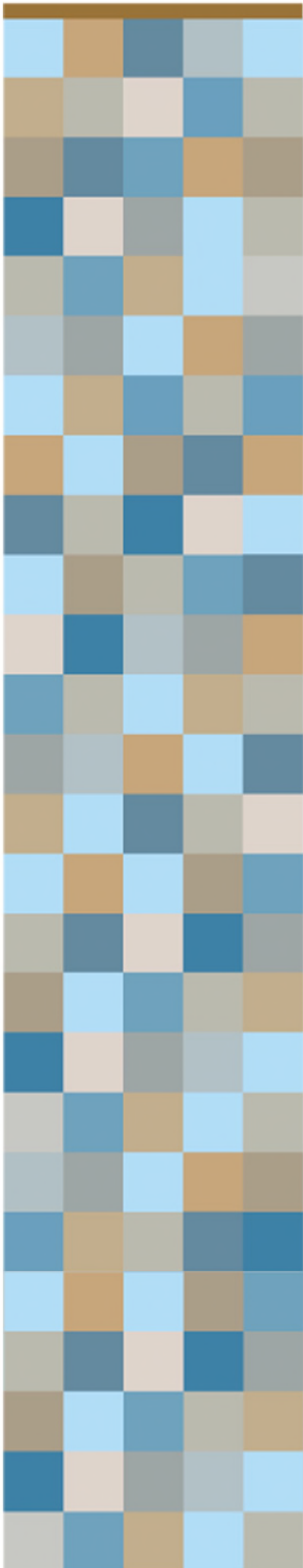
On December 27, 2020, President Trump signed the COVID-19 relief and government funding bill, which incorporated The Trademark Modernization Act of 2020 (“TMA”) and the Copyright Alternative in Small-Claims Enforcement Act of 2020 (“CASE Act”). The TMA (i) makes it easier for trademark owners to obtain injunctions against infringers and (ii) creates new procedures for trademark owners to challenge fraudulent applications and registrations and for third parties to file evidence related to a trademark application.

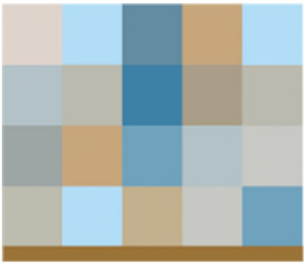
The CASE Act establishes a “small claims” court within the Copyright Office to adjudicate copyright infringement disputes valued at under \$30,000. Overviews of these laws are below.

Trademarks

To obtain an injunction against an infringer, a trademark owner must prove, among other things, that it will suffer “irreparable harm” (harm that cannot be corrected by monetary compensation) if the infringer is not enjoined from using the infringing mark. Traditionally, when a plaintiff established a trademark infringement courts applied a presumption of irreparable harm, which generally entitled plaintiff to an injunction. However, in 2006, in *eBay Inc. v. MercExchange*, the U.S. Supreme Court held that a plaintiff in a patent infringement action was not entitled to a presumption of irreparable harm. Since that decision appellate courts have been divided as to whether irreparable harm should be presumed in trademark infringement actions. The TMA settles the issue by expressly providing that a trademark owner that has proven infringement enjoys a rebuttal presumption of irreparable harm. This should increase the likelihood that a trademark owner will be able to obtain injunctive relief against an infringer.

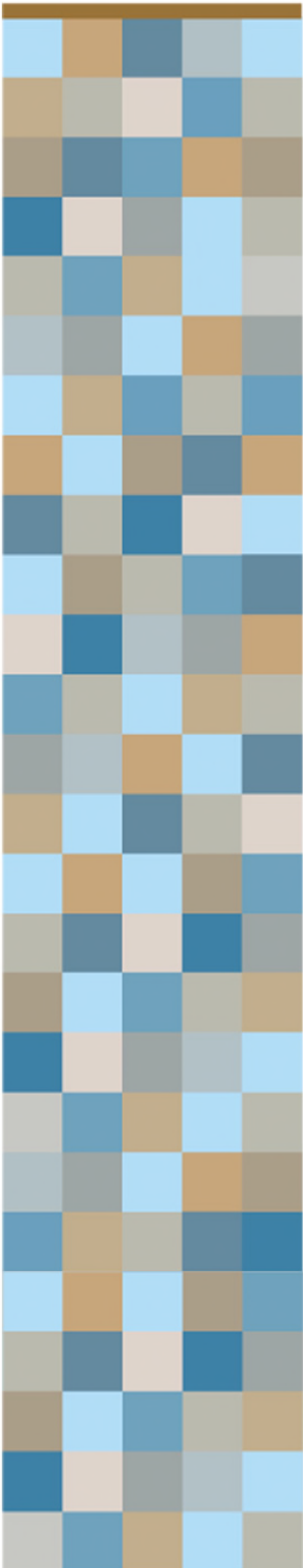
The TMA also authorizes the United States Patent and Trademark Office (USPTO) to implement new procedures to cancel registrations for marks that have never been used in commerce. In the United States, with limited exceptions, a trademark must be used in commerce to qualify for registration on the Federal Trademark Register. In recent years there has been a proliferation of applicants and registrants using doctored images and other fraudulent practices to obtain or maintain a registration for a trademark that has never been used in commerce. Under current practice challenges to such registrations generally required the filing and prosecution of a costly cancellation proceeding. The TMA provides for new streamlined “expungement” procedures under which a registration can be challenged on the basis that the mark was never used in commerce.





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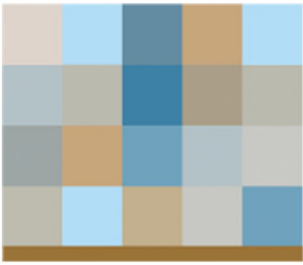
In addition, the TMA also amends certain of the procedures utilized by the USPTO in its examination of applications to register marks. First, it provides the Director of the USPTO with the authority to mandate response times to office actions of fewer than six months (the current term). Second it codifies a “Letter of Protest” procedure which allows for third parties to submit evidence during the examination of a trademark application in an attempt to convince the examining attorney that the application should not be approved for registration. The evidence can relate to any ground for which an examining attorney can refuse registration, such as a conflicting senior registration or that the mark in the application has not been used in commerce and, therefore, does not qualify for registration.

The new expungement and evidence procedures do not go into effect immediately. The USPTO is required to adopt regulations to implement these procedures within one year from enactment of the TMA (December 27, 2021). When implemented these procedures should provide trademark owners with new cost effective mechanisms to seek to challenge problematic applications and registrations.

Copyrights

Federal courts have exclusive jurisdiction over claims of copyright infringement. The Case Act establishes the Copyright Claims Board (“Board”) as an alternative forum where parties may voluntarily adjudicate infringement disputes valued at no more than \$30,000. The Board is a quasi-judicial tribunal, comprised of three “Copyright Claims Officers” who are empowered to hear claims of copyright infringement, declarations of non-infringement, misrepresentations of takedown notices and counter-notices, and related counter-claims and defenses. Participation in a Board proceeding is voluntary (defendants can opt out) and damages are capped at \$15,000 per claim or \$30,000 for the entire matter. To prevent abusive practices, the law includes a bad faith provision which permits the Board to award reasonable costs and attorney fees if it finds a party utilized the process to harass or for other improper purposes. The CASE Act authorizes the Register of Copyrights to implement regulations for procedures before the Board. Therefore, it is not now known how proceedings before the Board will be conducted. It also remains to be seen how the Board will handle constitutional questions that often arise in copyright infringement actions, such as the fair use defense, or if defendants will voluntarily consent to participate in a Board proceeding. It is, however, hoped that the Case Act will provide a mechanism which will allow for the efficient and economical resolution of small claims of copyright infringement.

If you have any questions regarding this Alert or any other intellectual property concerns, please do not hesitate to contact us. Our information is set forth below:



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Name

[Terese L. Arent](#)
[Brian A. Bloom](#)
[Stephen Breidenbach](#)
[Alan S. Hock](#)
[Tina M. Kassangana](#)
[Michelle M. Page](#)
[Michael J. Schwab](#)

Phone

516-880-7235
516-880-7274
516-880-7285
516-880-7245
516-265-1164
516-265-1179
212-239-5527

Email

tarenth@moritthock.com
bbloom@moritthock.com
sbreidenbach@moritthock.com
ahock@moritthock.com
tkassangana@moritthock.com
mpage@moritthock.com
mschwab@moritthock.com

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400 Garden City Plaza, Garden City, NY 11530 | Tel (516) 873-2000 | Fax (516) 873-2010
1407 Broadway, 39th Floor, New York, NY 10018 | Tel (212) 239-2000 | Fax (212) 239-7277

www.moritthock.com